
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE
MEETING MINUTES

August 16, 2011

A meeting of the Benefits and Program Administration Committee (BPAC) was held on Tuesday, August 16, 2011, in the Lincoln Plaza North Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. and the roll was called. The following members were present:

George Diehr, Chair
Rob Feckner, Vice Chair
Terry McGuire for John Chiang
Richard Costigan
Henry Jones
Priya Mathur
Louis Moret
Tony Oliveira
Howard Schwartz for Ronald Yank

Other Board Member(s):

Grant Boyken for Bill Lockyer
JJ Jelincic
Michael Bilbrey

AGENDA ITEM 3a – AB 1320 (ALLEN) – TAXPAYER ADVERSE RISK PREVENTION (TARP) ACCOUNTS

Danny Brown, Chief, Governmental Affairs Office, presented AB 1320 (Allen) – Taxpayer Adverse Risk Prevention (TARP) Accounts as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Moret and **CARRIED**, the Committee recommended the Board oppose, unless amended to:

- 1) Either eliminate separate TARP accounts within the PERF or establish the TARP outside the PERF;
- 2) Phase in application for employers already overfunded at time of enactment;
- 3) Extend the Operative Date to July 1, 2014

AGENDA ITEM 4a – STATE INDUSTRIAL DISABILITY COST REPORT

William Kasirye, Research Program Specialist II, Actuarial Office, presented the State Industrial Disability Cost Report as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Jones and **CARRIED**, the Committee recommended the Board adopt the 2009/2010 State Employers' Industrial Disability Cost Report and provide instructions to file this report with the Governor and the Legislature.

AGENDA ITEM 4b – ASSET ALLOCATION CHANGE FOR THE TERMINATED AGENCY POOL

Alan Milligan, Chief Actuary, presented Asset Allocation Change for the Terminated Agency Pool.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Costigan and **CARRIED**, the Committee recommended the Board:

- Adopt in concept an investment policy and asset allocation strategy for assets of the Pool which more closely reflects the characteristics of future expected benefit payments of the Pool.
- Approve staff initiating the Rulemaking Process to adopt the proposed addition to Title 2 of the California Code of Regulations for crediting income to the Pool. The Proposed regulation language is provided in Attachment A of the agenda item.
- Adopt the revised "Method to Determine the Discount Rate, Inflation Assumption and Wage Growth Assumption for Termination Calculations," and direct staff to use the interim method to set the discount rate, inflation assumption and related economic assumptions as described in Attachment B of the agenda item for actuarial valuations of the Pool and when calculating the actuarial liabilities of a terminating (or partially terminating) public agency on or after August 18, 2011, until such time as the Board changes such interim method to set the discount rate, inflation assumption and/or related economic assumptions.

AGENDA ITEM 4c – CHIEF ACTUARY REPORT

Mr. Milligan presented the Chief Actuary report as an information item.

AGENDA ITEM 5 – PSR: STAKEHOLDER COMMUNICATIONS FOR SYSTEM CONVERSION

Donna Lum, Deputy Executive Officer, Customer Services and Support; Karen DeFrank, Project Manager, Public Employers Readiness Team; Christian Farland, Chief, Enterprise Transition Management; and Tacey Derenzy, Manager, PSR

Communications Office, presented the PSR: Stakeholder Communications for System Conversion as an information item.

AGENDA ITEM 6a – PROPOSED REGULATIONS ON SUBMISSION OF PAYROLL AND CONTRIBUTION INFORMATION AND METHOD FOR COLLECTING INTEREST AND ADMINISTRATIVE COSTS

Darryl Watson, Chief, Customer Account Services Division and Sharen Scott, Staff Services Manager II, Employer Account Management, presented the Proposed Regulations on Submission of Payroll and Contribution Information and Method for Collecting Interest and Administrative Costs as an action item.

On **MOTION** by Mr. Jones, **SECONDED** by Ms. Mathur and **CARRIED**, the Committee recommended the Board approve for publication the proposed amendments, attached as Attachment C of the agenda item, to Title 2 of the California Code of Regulations sections 565.1, 565.2, 565.3 and the addition of section 565.5 to clarify requirements for submission of payroll and contribution information through the new my|CalPERS platform and to set forth the method for collecting interest and administrative costs.

AGENDA ITEM 6b – RETIREMENT CONTRACT ACTIVITY REPORT

Mr. Watson presented the Retirement Contract Activity Report as an information item.

AGENDA ITEM 6c – CUSTOMER SERVICES AND SUPPORT PERFORMANCE MEASURES

Ms. Lum presented the Customer Services and Support Performance Measures as an information item.

AGENDA ITEM 7c – DEPUTY EXECUTIVE OFFICER REPORT

Ms. Lum presented the DEO Matrix and the Committee approved the new BPAC Master Agenda Calendar which eliminates the April, September and November meetings.

AGENDA ITEM 7d – DRAFT AGENDA FOR THE SEPTEMBER 13, 2011, BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE MEETING

The September BPAC meeting was eliminated. The Draft agenda will be brought back as the October agenda with the following addition:

- Plan for Review of Actuarial Policies

AGENDA ITEM 8 – PUBLIC COMMENT

Donna Snodgrass, Vice President, California State Employees Association provided comment on behalf of the State Coalition of Retired Employees thanking CalPERS staff and Board for work well done.

The next meeting of the Benefits and Program Administration Committee is scheduled for October 18, 2011, in Sacramento, California.

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support

Date

DRAFT